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C O N F I D E N T I A L SECTION 01 OF 02 PARAMARIBO 000470

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SUBJECT: COMBATTING CORRUPTION: THE NEW COOL IN SURINAME

REF: PARAMARIBO 444

¶1. (SBU) SUMMARY: While police have arrested two people in connection with the embezzlement scandal at the Ministry of Finance (reftel), Minister Humphrey Hildenberg has asked the Government's Central Accounting Department (CLAD) to launch a second investigation at his Ministry, this time at the Tax Revenue Service. Post also learned that the Ministry of Justice and Police has stepped to the plate and created a corruption working group to be headed by its most prominent public prosecutor. Meanwhile, corruption legislation has been written and is waiting to be placed on the agenda of the National Assembly for discussion. Public presumption that its passage is hampered by corruption in the National Assembly itself may not be far off the mark, as corruption permeates the system in Suriname. END SUMMARY

FINANCE MINISTRY ARRESTS

¶2. (U) Police have arrested two staff members of the Ministry of Finance for their role in the embezzlement scandal (reftel) there, including the supposed ringleader. The amount of the embezzlement currently is estimated at U.S. \$1.96 million as the CLAD investigators continue to try to determine the full extent of abuse. Their investigation has so far identified six businessmen and three lower-level staff members of the Ministry's accounting and finance department, and more arrests are likely. Despite opposition calls for his resignation, Minister Hildenberg remains above the fray, and has garnered the public support of President Venetiaan.

¶3. (U) Minister Hildenberg has ordered the CLAD to launch a second investigation at his Ministry, and this time the target is the Office for Entertainment Taxes of the Tax Revenue Service. The investigation was ordered after a promoter approached the Minister personally. The promoter claims two officials of the Office of Entertainment Taxes manipulated tickets. When promoters brought tickets to the tax office for stamping, the officials would only stamp half of the tickets, then order the promoters to pay the taxes for those tickets at the office. The other half of the tickets would remain unstamped, and the officials would go to the events, stamp the tickets on the spot, and take the money in cash. Or, they would hold on to them, personally deliver them to the promoters, and then take the money for the tickets in cash. Pending the investigation the two officials have been placed on administrative leave.

CORRUPTION WORKING GROUP

¶4. (U) In an effort to tackle the corruption problems the

GOS faces, the Ministry of Justice and Police ordered the formation of a Corruption Working Group. Prominent public prosecutor Garcia Paragsingh told EmbOff she will chair the group. Dynamic and energetic, Paragsingh also chairs the trafficking in persons working group, and has successfully prosecuted four brothel owners. Paragsingh told EmbOff that one of her goals as chair of the corruption group will be to write a Code of Conduct for government officials.

DRAFT ANTI-CORRUPTION LEGISLATION

15. (U) The formation of a corruption working group might assist in the solution to a more pressing matter: the passing of anti-corruption legislation. Draft legislation was prepared in 2002 and approved by the Council of Ministers and the State Council, then presented to the National Assembly for further discussion. While the opposition in the National Assembly has complained about the wave of corruption and called for Minister Hildenberg to resign, the government has responded that the Assembly has failed to do its work and pass corruption legislation; the law has still not been discussed in parliament. Both opposition and coalition members are now asking for this issue to finally be resolved, citing the Ministry of Finance case as a demonstration of need.

DON'T BITE YOUR OWN HAND: IT FEEDS YOU

16. (C) The delay in passage of the proposed corruption law is widely attributed to the desire of some parliamentarians

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to protect their own interests. Member of Parliament Harriet Ramdien gave an example of Parliamentary complicity, telling EmbOff that she was the only Member of Parliament not to accept the corrupt gift of a free plot of land following the last election in 2005. In addition, the corruption law as drafted calls for financial disclosure by all government employees. In a nation whose public sector is estimated to be as large as 50% of the economy, this means the law threatens the interests of a potentially large constituency--and may be impractical, as critics claim. The prospects for passage in the law's current form seem dim.

17. (C) COMMENT: The wave of anti-corruption investigations and sentiments is welcome. Moreover, a focus on lower-level bureaucrats committing common violations is likely to do more to target this widespread problem than calls for high-profile Ministerial resignations, which titillate the public but lend a smokescreen behind which perpetrators continue to make an extra living. Methods of corruption in Suriname (will report septel) are varied, complex, and rampant. For an attack on corruption to work, a strong law will have to be passed, and new corruption-coordinator Paragsingh will have to be forceful. This will not be easy. While laudable, her four trafficking-in-persons convictions are less than could be hoped for, and those convicted received only light sentences from Suriname's lenient judiciary--which also exhibits indicators of internal corruption. It will take more than a handful of legal slaps on the wrists to make a dent in the culture of routine corruption in Suriname. END COMMENT
GENTON